



Steve Harris, President

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July 24, 2014

George Hicks, Chair and Members of the
California Uniform Construction Cost Accounting Commission
California State Controller's Office
300 Capitol Mall
Sacramento, CA 95814

Sacramento, CA 94250

RE: Request for discussion and Action by the Commission on August 14, 2014
Pre-Qualification for Informal Bidders List

Dear Chair Hicks and Commissioners,

A recent inquiry was sent to the Commission regarding the use of a pre-qualification process being allowed by a signatory agency in the formation of their informal bidders list. We received a copy of that inquiry and your response that current language does not allow a jurisdiction to prequalify contractors who ask to be placed on that list.

We request that the Commission discuss the current wording of the Cost Accounting Procedures Manual and adopt an additional sentence to allow the use of this process as an option, at the discretion of the agency.

The current Public Contract Code Section dealing with the informal bidding procedure, Section 22034 (a), states that *the minimum criteria for development and maintenance of the contractor list shall be determined by the commission.*

The Commission currently requires the minimum criteria be name, address, phone number, type of work and the type of work the contractor is currently licensed to perform. The manual further allows the agency to include any contractor they wish to on the list, but at a **minimum must include all contractors who have provided the information above in the previous 14 months.**

Through interaction with a wide variety of signatory agencies, we have found that there is extensive use of a pre-qualification process in the development of an informal bidders list. These agencies maintain that they require the pre-qualification of all contractors for work, but with an even heavier emphasis on informally bid projects. They feel the need to be sure that these projects, which are bid under the informal process, have immediate time constraints, and need the extra assurance that they are going to get bidders who have the required expertise and experience. These agencies allow contractors to be added to their lists during the year, after they have completed the pre-qualification process. For many agencies, the use of the informal process is their reason for being signatory to the Act.

Cathryn Hilliard, Executive Director

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Pre-qualification of contractors was not a commonly used practice when the Act was developed and adopted. It has become an accepted and widely used tool within the construction industry in the last 10 years. It is not meant to reduce the bidder's pool, but assure an agency that the interested parties meet their minimum experience requirements. Legal constraints and requirements of allowing for dispute resolution over not meeting an agencies pre-qualification standards, ensure that the process maintain objectivity.

We would suggest that the Commission adopt an additional sentence to item number 3 of page 7 of the *Cost Accounting Policies and Procedures Manual*.

Suggested Addition: *A Public Agency may, at their discretion, use an objective pre-qualification process in the formation and maintenance of their list.*

As this is at the discretion of the Commission, we request that you adopt the addition of the pre-qualification allowance today.

The Construction Industry Force Account Council is a non-profit organization that is supported through the construction industry. We monitor and work as a resource to public agencies throughout the State. We will be available at the Commission meeting to answer any questions you may have.

Sincerely,

A handwritten signature in dark ink, appearing to read "Cathy - Hilliard". The signature is fluid and cursive, with a horizontal line extending from the middle of the name.

Cathryn Hilliard
Executive Director



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July 1, 2014

Members, California Uniform Construction Cost Accounting Commission
c/o Lilian Apgar
State Controller's Office, Division of Accounting and Reporting
Local Government Policies Section
P. O. Box 942850
Sacramento CA, 94250

Subject: Requested Clarification in the California Uniform Construction Cost Accounting Commission
Cost Accounting Policies and Procedures Manual Handbook

Dear Commissioners:

We hereby request that the California Uniform Construction Cost Accounting Commission (Commission) place on its agenda consideration of a change to its Cost Accounting Policies and Procedures Manual Handbook (Handbook) to clarify its intent with respect to the requirements for establishing a list of prequalified contractors for informal bidding.

Our agency recently investigated this matter in the process of considering whether to participate in the California Uniform Public Construction Cost Accounting Act and found that there are differing interpretations of the intent of the Handbook. A strict reading of Page 7 of the Handbook seems to indicate that any contractor who is properly licensed and submits the required information must be placed on the list. However, we understand that other agencies have been interpreting the Handbook as providing flexibility for agencies to establish their own criteria for contractors to be placed on the list.

We suggest that at the time of the next update to the Handbook, the Commission modify the language on Page 7 to clarify its intent. Thank you for your consideration of this matter. If you have questions or would like additional information, please feel free to contact me at (805) 579-7115 or smulligan@calleguas.com.

Sincerely,

A handwritten signature in blue ink that reads "Susan B. Mulligan". The signature is fluid and cursive, with the first name "Susan" being the most prominent.

Susan B. Mulligan
General Manager

cc: (email only)

Steve Blois, Bob Cohen, Kristine McCaffrey, Walt Wendelstein / Calleguas MWD
Cathryn Hilliard, Sally Riley / Construction Industry Force Account Council